

The Plan sets performance goals to increase the California carpet recycling rate to 24% by 2020 and to 26% by 2021. The recycling rate is a function of recycled output plus reuse divided by discards. However no weights are provided for either recycled output or discards, although there is weight provided for reuse tracked through the program. This is important because subsidies, the primary tool to stimulate yield and recycling rate, are weight based.

Subsidies are paid to collectors, processors, and manufacturers in accordance with the following principle:

“The Program reserves the right to add, delete, increase, decrease, or otherwise modify incentives, subsidies or eligible recipients over the course of the Plan, as deemed necessary to achieve the stated performance goals and in response to market dynamics.”

Since the Plan doesn’t present performance goals on the same basis as the subsidies (i.e. weight) there is no direct link between the percentage goals and the subsidies, and the quoted principle provides no measurable insight about that link.

It may be possible to convert Program Expenditure subsidies payouts to weight by applying the subsidies factors. For example, the Manufacturers Non-Nylon Tier 2 subsidy is \$.25 per pound; and the 2017 budget shows \$11,110,256 in payouts, equating to 44,441,024 pounds.

Of course the recycling rate impact is unclear without also knowing discard weights. Even if the reader were to calculate project pounds subject to the subsidy budgets over the 5-year period for each category, eliminate double-counted weight, and determine discard weight, that information would not substantiate the 5-Year Plan’s validity since CARE’s Stewardship Planning Committee (SPC) and Sustainable Fund Oversight Committee (SFOC) might *“add, delete, increase, decrease, or otherwise modify incentives, subsidies or eligible recipients.”*

At its last meeting, the California Council on Carpet Recycling identified and prioritized themes. The second priority is to “set the assessment sufficient to fund the program.¹” I viewed this as an attempt to define measureable objectives (by weight and activity), estimate amounts needed to stimulate those activities, and then balance the weighted activities and costs against total assessments. The current \$.25 assessment may be too high or too low, or it might need to vary by material type or recycled content. Apparently the SPC never considered this Council priority, as it does not appear in Plan’s Attachment 9.

When the Council was asked to prioritize subsidies at its last meeting, I demurred because there simply was no way for me to distinguish impacts, need, or intent amongst sixteen different industry subsidies absent measurable projected impacts on carpet recycling rates. Unfortunately the Plan does not enlighten me while past performance does not predict a bright future.

¹ The top priority is to “set subsidies to close the gap between virgin and recycled feedstock.” This reflects CARE’s belief that international recycling market conditions affected its ability to recycle more material; and presumably has been meliorated by market up-turns.

It seems that CARE prefers continuing to rely on its SPC/SFOC process to drive the program. That process and its decisions are not transparent, but California stakeholders at least should be able to learn more about the results.

CARE's subsidy records should be published, showing who receives payment, how much each recipient receives, and how much specific material (by weight) is collected, processed or recycled. The weight records should be reconciled through mass balance to avoid double-counting. We should be able to view these records for the entire program

Californians should know where the money is going and what it is buying if we are to overcome CARE's ongoing carpet recycling failures. Transparency is a much-needed next step to make this program California-centric.